



Department of Justice

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NEW YORK COMPANY & ITS PRESIDENT PLEAD GUILTY TO BID RIGGING AND FRAUD CHARGES RELATED TO ROOFING CONTRACTS

WASHINGTON, D.C. – A Schenectady, New York company and its president today pleaded guilty to bid rigging and conspiracy to commit mail fraud in connection with a kickback scheme involving roofing contracts in the Albany, New York area, the Department of Justice announced. Waterblock Roofing and Sheetmetal Inc. (Waterblock Roofing) and its president, Walter J. Vivenzio, a resident of East Berne, New York, each pleaded guilty today in the U.S. District Court in Albany, New York to separate charges of bid rigging and conspiracy to commit mail fraud. Waterblock Roofing and Vivenzio have agreed to cooperate with the government's ongoing investigation.

According to the charges, from sometime in 1995 until approximately May, 2002, the defendants and unidentified co-conspirators engaged in a conspiracy to rig bids and allocate roofing contracts awarded by the General Electric Company's Waterford, New York facility (GE Waterford), the Albany Medical Center, and other purchasers of roofing products and services in the State of New York.

According to court papers, Waterblock Roofing, through Vivenzio, paid at least \$70,000 in kickbacks during the conspiracy period to an unidentified maintenance manager at GE Waterford. These kickbacks, which were derived from fraudulent overcharges on Waterblock Roofing's bids and quotes to GE Waterford, were to ensure all contracts for roofing products and

services awarded by GE Waterford would go to Waterblock Roofing. The conspiracy to commit mail fraud charge resulted from the use of the U.S. mails to convey the fraudulently inflated invoices and the payments thereof.

"This type of scheme not only usurps the competitive bidding process, but also deprives companies of their right to the honest services of their employees and to fair and competitive pricing," said R. Hewitt Pate, Assistant Attorney General in charge of the Antitrust Division.

Vivenzio and Waterblock Roofing are charged with bid rigging, a violation of 15 U.S.C. § 1, which carries a maximum penalty of three years of imprisonment and a \$350,000 fine for an individual and a \$10 million fine for a corporation for violations occurring before June 22, 2004. Additionally, the mail fraud conspiracy charge, a violation of 18 U.S.C. § 371, carries a maximum penalty of five years of imprisonment and a \$250,000 fine for an individual and a \$500,000 fine for a corporation.

The maximum fines on each of the counts may be increased for both defendants to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine. In addition, the defendants could be ordered to pay restitution to any victim for the full amount of that victim's loss.

The prosecution of Waterblock Roofing and Vivenzio is being handled by the Antitrust Division's New York Field Office, with the assistance of the Federal Bureau of Investigation.

Anyone with information concerning bid rigging or fraud in the roofing business should contact the New York Field Office of the Antitrust Division at (212) 264-0383 or the Albany Division of the FBI at (518) 465-7551.

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